

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-01

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 IO-13 TRSE-00 OMB-01 AID-05 ACDA-07

EB-08 /101 W

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R 291209Z MAR 77

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6902

INFO AMEMBASSY BERLIN

AMEMBASSY CANBERRA

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY MANILA

AMEMBASSY SUVA

AMEMBASSY WELLINGTON

AMEMBASSY PORT MORESBY

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 02 BONN 05483

E.O. 11652: GDS

TAGS: PFOR, NZ, GW

SUBJECT: NEW ZEALAND PRIME MINISTER VISITS THE FRG

REF: BONN 5010 (NOTAL)

BEGIN SUMMARY: ACCORDING TO GERMAN AND NEW ZEALAND SOURCES HERE, THE VISIT OF PRIME MINISTER MULDOON TO THE FEDERAL REPUBLIC, MARCH 23-27, WAS A SUCCESS. IN CONTRAST TO EARLIER VISITS, THE NEW ZEALANDER STRESSED POLITICAL RELATIONS RATHER THAN BUTTER AND CHEESE. HE ENCOURAGED RECENT GERMAN INTEREST IN THE SOUTH PACIFIC (REFTEL), DISCUSSED THE WORLD ECONOMIC SITUATION WITH THE FEDERAL CHANCELLOR, AND EXPLORED THE
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INTERNATIONAL FINANCIAL MARKET WITH GERMAN BANKERS. IN HIS PUBLIC AND PRIVATE STATEMENTS, PRIME MINISTER MULDOON WARNED OF A POTENTIAL SOVIET THREAT IN THE SOUTH PACIFIC. END SUMMARY.

1. IN HIS DISCUSSIONS WITH GERMAN LEADERS IN BONN, AT THE BEGINNING OF HIS VISIT TO THE FRG, BRUSSELS, AND

LONDON, PRIME MINISTER MULDOON EMPHASIZED POLITICAL MATTERS RATHER THAN NEW ZEALAND TRADE WITH THE EC. ACCORDING TO THE NEW ZEALAND EMBASSY HERE, WELLINGTON AND BONN HAD AGREED BEFOREHAND THAT IT WOULD BE USEFUL FOR THE NEW ZEALAND PRIME MINISTER TO STRESS NEW ZEALAND'S POLITICAL RELATIONS WITH GERMANY AND THE EUROPEAN COMMUNITY. THE HOPE IS THAT BY STRESSING A COMMON EUROPEAN AND NEW ZEALAND INTEREST IN MAINTAINING STABILITY IN THE SOUTH PACIFIC, A POSITIVE CLIMATE WILL BE CREATED WHICH COULD MAKE THE COMMUNITY MORE SYMPATHETIC TO THE CONTINUED NEED FOR EC ACCESS FOR NEW ZEALAND AGRICULTURAL PRODUCTS.

2. IN PRESS INTERVIEWS, IN DISCUSSIONS WITH GERMAN LEADERS, AND IN HIS SPEECH BEFORE THE GERMAN FOREIGN POLICY ASSOCIATION, MULDOON WARNED OF THE POTENTIAL SOVIET DANGER TO THE SOUTH PACIFIC. HE SAID THAT THE SOVIETS HAD APPROACHED WELLINGTON AND REQUESTED LAND-BASED FISHING FACILITIES AS WELL AS PERMISSION TO LAND AIRCRAFT IN ORDER TO ROTATE FISHING FLEET CREWS. WHEN NEW ZEALAND REFUSED, THE SOVIETS APPROACHED TONGA AND WESTERN SAMOA. THE ISLAND STATE LEADERS, MULDOON SAID, ARE STILL CONSIDERING THE SOVIET'S REQUEST, BUT THEY REMAIN SKEPTICAL. MULDOON USED EVERY OPPORTUNITY TO REFER TO TRADITIONAL GERMAN LINKS WITH THE SOUTH PACIFIC AND UNDERSCORED NEW ZEALAND'S SUPPORT FOR RENEWED GERMAN INTEREST.

3. CHANCELLOR SCHMIDT WAS ILL DURING THE VISIT AND
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HAD TO CANCEL HIS LUNCH WITH THE NEW ZEALAND PRIME MINISTER. THEY DID, HOWEVER, MEET FOR 45 MINUTES DESPITE THE CHANCELLOR'S ILLNESS. DURING THE MEETING SCHMIDT GAVE HIS VIEWS ON THE GENERAL WORLD ECONOMIC SITUATION. MULDOON WAS PARTICULARLY INTERESTED IN SCHMIDT'S ANALYSIS OF WHY RECOVERY FROM THE WORLD-WIDE RECESSION HAS BEEN SO UNEVEN. HE TOLD THE CHANCELLOR THAT NEW ZEALAND STILL FACED A CRITICAL BALANCE OF PAYMENTS SITUATION CREATED BY THE GLOBAL RECESSION AND NEW ZEALAND'S DECLINING TERMS OF TRADE. IN A SOMEWHAT OBLIQUE REFERENCE TO NEW ZEALAND'S DESIRE FOR CONTINUED ACCESS TO GREAT BRITAIN'S MARKETS AFTER 1980, BOTH LEADERS AGREED THAT THE EC SHOULD TAKE AN OUTWARD-LOOKING ATTITUDE.

4. IN HIS MEETING WITH GENSCHER, THEY DISCUSSED THE POLITICAL SITUATION IN AFRICA, EAST-WEST RELATIONS AND HUMAN RIGHTS. GENSCHER SAID THAT ON THE QUESTION OF HUMAN RIGHTS THE WEST GERMANS SOUGHT A COMPROMISE THAT

WOULD SUPPORT HUMAN RIGHTS BUT WOULD NOT ENDANGER
CONTINUED EMIGRATION OF ETHNIC-GERMANS FROM EASTERN
EUROPE (INCLUDING THE GDR) AND THE SOVIET UNION. BOTH
GENSCHER AND MULDOON AGREED THAT THE RICH NATIONS OF

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 05483

THE WORLD HAVE A RESPONSIBILITY TOWARD THE THIRD WORLD,
AND MULDOON PLUGGED FOR GERMAN ASSISTANCE
TO THE SOUTH PACIFIC ISLAND STATES.

5. DURING HIS VISIT, MULDOON TRAVELED TO FRANKFURT
FOR DISCUSSIONS WITH THE GERMAN FINANCIAL COMMUNITY.
ACCORDING TO THE NEW ZEALAND DCM, ALMOST ALL MAJOR
GERMAN BANKING PORTFOLIOS NOW CONTAIN NEW ZEALAND
GOVERNMENT CERTIFICATES AS A RESULT OF PAST LOANS
FLOATED IN THE FRG BY WELLINGTON. NEW ZEALAND HAS
SOUGHT TO FINANCE ITS BALANCE OF PAYMENTS DEFICIT

VIA LOANS IN WASHINGTON, LONDON, ZURICH, HAMBURG, AND
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FRANKFURT. ALTHOUGH THERE HAVE BEEN SOME FEELERS PUT OUT BY THE ARABS, HE SAID, THE NEW ZEALAND GOVERNMENT PREFERS TO RESTRICT ITS FINANCING TO THE MAJOR WESTERN COMMERCIAL BANKS. THE DCM REMARKED THAT NEW ZEALAND'S CRITICAL BALANCE OF PAYMENTS SITUATION WOULD PROBABLY REQUIRE WELLINGTON TO FLOAT FURTHER LOANS.

6. FOLLOWING MULDOON'S VISIT WITH PRESIDENT SCHEEL, THE FRG PRESIDENT ANNOUNCED THAT HE WOULD VISIT NEW ZEALAND NEXT YEAR. MULDOON ALSO EXTENDED AN INVITATION TO SPD CHAIRMAN WILLY BRANDT WHO PLANS TO VISIT AUSTRALIA NEXT YEAR. IN THE COURSE OF THE VISIT, HOWEVER, MULDOON DID NOT MEET WITH BRANDT OR CDU/CSU OPPOSITION LEADER KOHL.

7. BOTH THE FOREIGN OFFICE AND THE NEW ZEALAND EMBASSY WERE SATISFIED WITH THE VISIT. MULDOON'S VISIT, WHICH WAS KEYED TO MRS. MULDOON'S LAUNCHING A SHIP IN HAMBURG, CAME AT THE RIGHT TIME. AS REPORTED IN REFTEL, THERE IS INCREASING, ALBEIT LIMITED, GERMAN INTEREST IN THE SOUTH PACIFIC. WHILE MULDOON MAY HAVE OVERPLAYED HIS SOVIET THREAT CARD A BIT WITH THE SCHMIDT GOVERNMENT, HE SEEMS ON BALANCE TO HAVE STRUCK THE RIGHT NOTE DURING HIS VISIT TO THE FEDERAL REPUBLIC.
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